

MICHIGAN STATE MEDICAL SOCIETY

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AREA CODE 517

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MEMO TO: House Education Committee

FROM: Alan Mindlin, MD, President

RE: Senate Bill 896

On behalf of the more than 14,000 physicians of the Michigan State Medical Society (MSMS), I am writing to express specific concerns regarding provisions contained within Senate Bill 896. With respect to the larger issue of insurance reform for school employees, the Michigan State Medical Society is neutral. However, the following elements of Senate Bill 896 are of concern to physicians:

- Senate Bill 896 creates a greater ability for school districts to self-insure, however, it limits any requirement that these pools have adequate reserves to pay for costs that are incurred by their policyholders. Failure to require minimum reserves and adequate oversight by the Insurance Commissioner leaves physicians and hospitals to absorb the burden of any potential financial shortfall. Physicians and hospitals have experience with undercapitalized insurance companies. When the Medicaid program initially went to managed care, participating plans were not required to maintain comparable reserves to their commercial counterparts. Despite having certification from their actuaries, many of these plans failed. Physicians and hospitals are still in court trying to recuperate a fraction of the total amount owed by these plans. In health insurance, a few serious cases can deplete insufficient reserves very quickly; therefore MSMS cannot support this provision.
- Senate Bill 896 also creates requirements that the Insurance Commissioner provide information pertaining to cost and performance of Michigan physicians including clinical performance by an organization such as the National Quality Forum. While physicians believe that patients should be actively involved in decisions regarding their treatment, providing such information would have many unintended consequences. First, there is not a widely accepted measure of physician performance that adequately accounts for very reasonable deviations from what would be considered quality care by the organizations that attempt measure

medical outcomes. In fact, there are examples of how quality measures actually negatively affect the practice pattern of physicians. Sicker patients, co-morbidities, and the complexity of the disease often play a greater role in the outcome than the type of care received. Therefore, those physicians who treat more complex cases may have the most training and be most clinically skilled, but because they are seeing sicker patients, their outcome performance is worse than their colleague who is seeing less sick patients. The concern is that physicians may limit their practice to cases that could negatively impact their quality rating. The Michigan State Medical Society is actively working with stakeholders to arrive at recommendations for quality measures that are meaningful and continue to assure proper patient care. However, until such time as there is consensus among the physician community about quality measures, the Michigan State Medical Society cannot support this provision within Senate Bill 896.

As currently written, the Michigan State Medical Society cannot support Senate Bill 896. We look forward to working with the sponsors of this legislation to provide language that could accomplish the objective of providing greater diversity of health care options for school employees that does not threaten to place physicians and patients at financial risk or limit access to care.